



Carrathool Shire Council

RISK MANAGEMENT PLAN

Vision: "...to protect and deliver quality of life in harmony with economic development and environmental sustainability."

This should be read in conjunction with the Carrathool Shire Council Risk Management Policy and the Risk Register

Version 2

Application	Staff, community members, contractors, council stakeholders
Responsible Officer	HR/WHS/Risk Officer
File No	CM:PLN:SCBP
Authorised by	Council
Effective Date	1173 / 20.10.2015
Distribution	Internet / Intranet

INDEX

1.	Amendment List	2
2.	Source Documents.....	2
3.	Definitions	2
4.	Introduction	3
5.	Statement of Commitment.....	3
6.	Scope.....	3
7.	Strategy Principles	4
8.	Risk Management Requirements	4
9.	Responsibilities	4
10.	Risk Management Procedure	4
11.	Risk Management Priorities and Resources	4
12.	Risk Management Context and Risk Profile.....	5
13.	Strategy Implementation.....	5
14.	Performance Review	6
15.	Risk Management Responsibilities	6
16.	Risk Management Procedure	10
17.	Organisational Context.....	17
	Appendix A	25
	Appendix B	31
	Appendix C	32

1. Amendment List

Version	Minute /Date	Amendment Summary	Reason or Reference
1	0740/24.08.10 / Manex: 25.05.2010	Adoption	
2	1173 / 20.10.2015		Amended Plan

2. Source Documents

- AS/NZS 31000 Risk Management – Principles and Guidelines
- ISO/IEC 31010, Risk Management – Risk Assessment Techniques
- ISO Guide 73:2009 – Risk Management Vocabulary

3. Definitions

Risk: “the effect of uncertainty on objectives.”

- Risk is often characterised by reference to potential events and consequences or a combination of these.
- A risk is often expressed in terms of a combination of the consequences of an event (including changes in circumstances) and the associated likelihood of occurrence.
- An effect is a deviation from the expected – positive and/or negative.
- Objectives can have different aspects (such as financial, health and safety, and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product and process).
- Uncertainty is the state, even partial, of deficiency of information related to, understanding or knowledge of, an event, its consequences, or likelihood.

Consequence: “the outcome of an event affecting objectives.”

- There can be more than one consequence from one event.
- Consequences can range from positive to negative.
- Consequences can be expressed qualitatively or quantitatively.
- Initial consequences can escalate through knock-on effects.

Likelihood: “Chance of something happening.”

- Can be expressed qualitatively or quantitatively.
- Can be defined, measured or determined objectively or subjectively.

Risk Management: “Coordinated activities to direct and control an organisation with regard to risk.”

(AS/NZS 31000 Risk Management – Principles and Guidelines, ISO Guide 73:2009 Risk Management - Vocabulary)

4. Introduction

Risk Management is critical to Carrathool Shire Council's ability to achieve the Strategic Objectives contained in the Community Strategic Plan.

By fostering a vibrant Risk Management culture that encourages all staff to systematically apply the principles and procedures outlined in this strategy, Council seeks to minimise resource waste and ensure that all Council objectives, activities and projects are undertaken with minimal risk.

5. Statement of Commitment

The major risk for most organisations is that they fail to achieve their strategic, business or project objectives, or are perceived to have failed by their stakeholders. Carrathool Shire Council is committed to managing this risk by logically and systematically identifying, analysing, evaluating, treating, monitoring and communicating all risks that directly or indirectly impact on the Council's ability to achieve the vision and strategic objectives outlined in the Community Strategic Plan.

The strategy demonstrates the Council's commitment, by detailing the Risk Management framework to be employed by all staff members, contractors, committees and volunteers engaged in Council business and defining the responsibilities of individuals and committees involved in the Risk Management process. The Council believes that good Risk Management is essential for the successful implementation of Council's strategic plans, as it:

- Directly supports the achievement of the Community Strategic Plan objectives.
- Indirectly supports the achievement of the Council's other strategic objectives, through:
 - Facilitating innovation, cooperation and the sharing of resources.
 - Enhancing the development and delivery of Council programs.
 - Supporting the Council's key values and ethics.
 - Encouraging a closer working partnership between the Council and the community.
 - Ensuring consultation with all Stakeholders on key issues.
 - Encouraging a proactive approach to problem solving.

6. Scope

This Risk Management Strategy will be implemented by all Council departments and across all Council services, functions and activities whether directly controlled by Council or delivered through third party arrangements. All employees, contractors and partner organisations engaged in the conduct of Council business are to apply consistent, proactive and systematic Risk Management practices in the employment of Council resources and the delivery of Council services.

Successful Risk Management relies on input from all stakeholders and ownership of identified risks by responsible staff. To manage risks in accordance with best practice, the Council will observe the principles contained in AS/NZS 31000, Risk Management – Principles and Guidelines. The Council's established business practices, policies and procedures will be reviewed, to ensure that they are not in conflict with this standard.

Risk management addresses a very broad range of potential exposure to risks across the entire operations of the Council which include core activities as outlined below

7. Strategy Principles

The key principles of this Plan are to:

- Identify evaluate and prioritise the Council's risk associated opportunities and threats, with a view to:
 - Exploiting opportunities.
 - Reducing, mitigating, transferring or eliminating threats.
- Promote and support Risk Management processes throughout the Council.
- Recognise that successful Risk Management relies on input from ALL employees and Stakeholders.
- Allow for more effective allocation and use of resources.
- Provide a basis for higher standards of accountability.
- Protect the Council's corporate image as a professional, responsible and ethical organisation and an employer of choice.

8. Risk Management Requirements

Risk Management principles shall be a consideration in all Council decision making processes. In accordance with its common law 'duty of care', statutory responsibilities and Council Policy, the Council will ensure that resources are allocated to:

- Minimise the Council's exposure to loss and litigation.
- Protect and enhance the Council's reputation.
- Protect the Council's financial and physical assets.
- Maintain employee Health & Safety programs.
- Protect the community's Health and Safety

9. Responsibilities

All employees, contractors and volunteers are to be familiar with and competent in the application of the Council's Risk Management Policy and Plan. Directors, managers and supervisors are accountable for adherence to this Strategy within their areas of responsibility. Detailed responsibilities are listed at Item Number 15.

10. Risk Management Procedure

The Risk Management procedure to be applied within Carrathool Shire Council is based on **AS/NZS 31000 Risk Management – Principles and Guidelines**. It is detailed at Item Number 16.

11. Risk Management Priorities and Resources

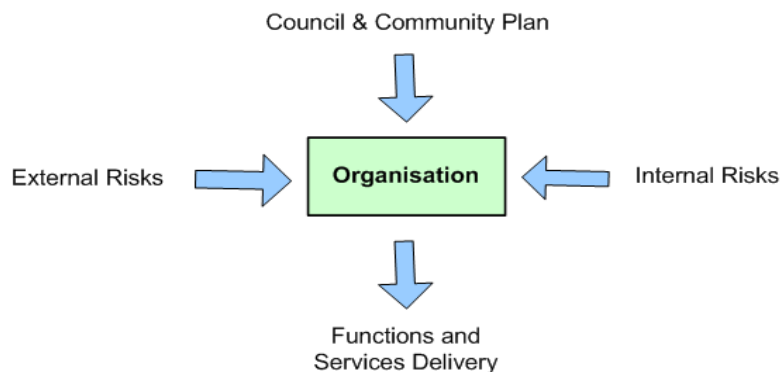
The Council accepts that it does not have the resources to immediately address all of the risks it faces. Council will annually review and reprioritise all of the risks identified, determine those which must be afforded the highest priority and determine the resources required to address those risks. These risks and resources will then be approved by Manex and included in the annual revision of this plan.

These risks will represent the Council's corporate focus for the following 12 months and be included in the Council's budget as a discrete line item. All staff members should note that the absence of a risk from this Strategy does not preclude its management from within departmental resources. Nor is the annual review process inflexible: extreme and high priority risks identified at any time will be assessed and treated in accordance with the procedure described in this Strategy.

Council will allocate appropriate resources for risk management with consideration given to the following:

- People, skills, experience and competence;
- Resources needed for each step of the risk management process;
- The organisation's processes, methods and tools to be used for managing risk;
- Documented processes and procedures;
- Information and knowledge management systems; and
- Training programmes.

12. Risk Management Context and Risk Profile



The context figure above, for managing risks within the Shire, needs to be undertaken with a complete understanding of the environment in which Council operates.

Decisions about managing risk need to take into account Council's internal and external environment.

The Vision and Mission in Council's Strategic Plans are the foundation on which all operational business plans are based and is therefore a logical starting point for the development of this strategy.

13. Strategy Implementation

The Council recognises that the implementation of this Strategy represents a significant, but necessary short term workload for all staff involved. A comprehensive review of all the Council's activities will be undertaken in conjunction with the Strategy's implementation, through the development and approval of success measures for all the Council events, projects and activities. This is a significant Council undertaking, but integral to the success of an integrated, comprehensive Risk Management Strategy. If Council does not know what constitutes success at all levels within the organisation, it cannot identify the risks that will assist or impede the achievement of success.

An implementation plan will be drafted by the HR/WHS/Risk Officer for Management Executive Team approval. Council practices and procedures will be progressively assessed, modified and documented, to achieve full compliance with this Strategy. The Council's medium term aim is to achieve and maintain best practice standards for managing risk within Local Government.

14. Performance Review

This Strategy takes effect immediately upon adoption by the Council. It is to be reviewed on an annual basis by the HR/OHS/Risk Officer, to ensure its continued suitability and effectiveness against the requirements of **AS/NZS 31000: Risk Management Principles and Guidelines** and the Council's Risk Management Policy. Records of such reviews are to be maintained on file.

The Risk Management responsibilities detailed at Item Number 15 are to be incorporated into all Council Position Descriptions and the success measures developed for all staff are to form the basis of annual performance appraisals.

15. Risk Management Responsibilities

15.1 The Council

The Council will:

- Develop and maintain the Plan.
- Adopt a Risk Management Policy to support the Council Plan.
- Ensure that funding is made available to adequately manage the risks identified in the Council's Risk Register.

15.2 General Manager

The General Manager will:

- Provide a safe and healthy work environment, in accordance with the WHS Act 2011, its amendments, Regulations and related Codes of Practice and Australian Standards.
- Understand the principles of Risk Management, including their application to resource conservation and incident/claim reduction.
- Ensure that Council meets its "duty of care" to all staff and the general public and protects its assets and operations through:
 - Education
 - Appropriate risk financing.
 - Adequate loss control programs and measures.
- Monitor and evaluate the performance of directors against their Risk Management responsibilities.
- Contribute to the analysis of all potential and actual high loss incidents (in excess of \$12,000 or medical treatment or several days off work).
- Lead the Management Executive Team in the development of the Council's Business Continuity recovery program.
- Assist the Council in the development and maintenance of the Council Risk Management Plan.
- Develop agreed and assessable success measures with all directors, to support the Strategic Objectives contained in the Risk Management Plan.
- Assist directors in the identification, evaluation and mitigation of risks associated with their success measures.
- Lead the Management Executive Team in the development and implementation of Risk Action Plans for all risks assessed as Extreme.
- Promote Risk Management as a vital business principle.
- Ensure that the Council protects its assets and operations.

15.3 Executive Management Team

The Executive Management Team will:

- Monitor the implementation of the Risk Management Policy and this Plan across the organisation.
- Approve or modify all entries in the Council's Risk Register.
- Approve or modify the Council's Risk Management training program.
- Approve or modify the HR/WHS/Risk Officer's annual review of the Council's Risk Management Policy and Plan.
- Direct actions to be taken in relation to annual Risk Management Audit Reports.
- Direct the development and oversee the Council's Business Continuity recovery program.
- Assist the Council in the development and implementation of Council Plan.
- In conjunction with the General Manager, develop and implement Risk Action Plans for all risks assessed as Very High.
- Set the timeframe for the development of Risk Action Plans for all risks assessed as High or Moderate. Approve and monitor Plans once developed.
- Understand the principles of Risk Management, including their application to resource conservation and incident/claim reduction.
- Ensure that projects within their jurisdiction are not approved without a formal risk assessment that effectively identifies and manages all the risks associated with them and ensure that the completed risk assessment is documented and entered into Council's electronic records system (InfoXpert).
- Promote Risk Management as a vital business principle.
- Assist subordinate staff in the identification, evaluation and mitigation of risks associated within their area of operation.
- Forward all risks within their jurisdiction to the HR/WHS/Risk Officer for inclusion onto Council's Risk Register, and manage them.
- Keep staff appropriately informed of all changes relating to registered risks.
- Advise of any risk issues within their jurisdiction that should be incorporated in forthcoming budgets.
- Ensure that the induction process for all new employees in their area includes:
 - The Council's Risk Management Policy and Plan.
- Provide timely assistance and requested information in relation to any insurance claim or Risk Management issue.

15.4 Directors and Managers

Directors and managers will:

- Provide a safe and healthy work environment, in accordance with the WHS Act 2011, its amendments, the WHS Regulations 2011 and related Codes of Practice and Australian Standards.
- Understand the principles of Risk Management, including their application to resource conservation and incident/claim reduction.
- Ensure that proposed events and projects within their jurisdiction are not approved without a formal risk assessment that effectively identifies and manages all the risks associated with them.
- Monitor and evaluate the performance of Supervisors against their Risk Management responsibilities.
- Contribute to the analysis of all potential and actual high loss incidents within their jurisdiction (in excess of \$12,000 or medical treatment or several days off work).
- Provide input into the Council's Business Continuity Plan.

- Assist the Council in the development and maintenance of the Council Plan.
- Develop approved Directorate Plans to support the Council Plan, linking all Directorate Objectives to the Council's Strategic Objectives.
- Develop agreed and measurable success measures in conjunction with all subordinates, to support Directorate Plan objectives.
- Assist supervisors and management in the identification, evaluation and mitigation of risks associated with their success measures.
- Assist supervisors and management to develop and implement Risk Action Plans for all risks within their jurisdiction assessed as High or Moderate.
- Monitor all risks and associated Risk Management Plans entered into the Council's Risk Register which fall within their jurisdiction.
- Promote Risk Management as a vital business principle.

15.5 Supervisors and Overseers

Supervisors and Overseers will:

- Provide a safe and healthy work environment, in accordance with the WHS Act 2011, its amendments, the WHS Regulations 2011 and related Codes of Practice and Australian Standards.
- Understand the principles of Risk Management, including their application to resource conservation and incident/claim reduction.
- Monitor and evaluate the performance of subordinates against their Risk Management responsibilities.
- Contribute to the analysis of all potential and actual high loss incidents within their jurisdiction (in excess of \$12,000 or medical treatment or several days off work.)
- Contribute to the development of Council's Business Continuity Recovery Program.
- Assist their Director/Manager in the development and maintenance of the Directorate Plan.
- Develop agreed and measurable success measures in conjunction with all subordinates, to support Operational Plan objectives.
- Assist subordinate staff in the identification, evaluation and mitigation of risks associated with their success measures.
- Liaise with the HR/WHS/Risk Officer and provide all risks within their jurisdiction to the HR/WHS/Risk Officer to enter them into Council's Risk Register.
- Contribute to the development and implementation of Risk Action Plans for all risks with their jurisdiction assessed as High or Moderate.
- Contribute to the development or amendment of appropriate Council policies and procedures to address risks assessed as Low or Insignificant.
- Keep staff appropriately informed of all changes relating to registered risks.
- Advise of any risk issues within their jurisdiction that should be incorporated in forthcoming budgets.
- Ensure that the induction process for all new employees in their area includes:
 - The Council's Risk Management Policy and Plan
 - The Council's WHS Policy
- Provide timely assistance and requested information in relation to any insurance claim or Risk Management issue.
- Ensure that council responds immediately and appropriately to any report of a hazard or incident received from a resident, employee or visitor.
- Promote Risk Management as a vital business principle.

15.6 All Staff

All staff members are to:

- Understand and observe the Risk Management Policy, Plan and related procedures.
- Assist their manager in the development and maintenance of the Risk Management Plan.
- Develop agreed and measurable success measures to support the Risk Management Plan Objectives.
- Assist their manager in the identification and management of risks to be entered into the Council's Risk Register by the HR/WHS/Risk Officer.
- Contribute to the development and implementation of Risk Action Plans and strategies within their jurisdiction.
- Identify, evaluate and mitigate risks associated with their agreed success measures.
- Provide timely assistance and requested information in relation to any insurance claim or Risk Management issue.
- Make loss control/prevention a priority whilst undertaking daily tasks in the Council's operations.
- Perform their duties in a manner which does not represent an unacceptable level of risk to their health and safety of:
 - Themselves,
 - Other employees,
 - Council's customers or visitors,
 - Contractors, and
 - The wider community.
- Report any illness, injury, hazard, near miss or incidents and losses as soon as they are detected to their manager or supervisor.
- Encourage the public to respect Council property.

15.7 Contract/Tender Managers

In addition to their generic responsibilities under this plan, Contractors are to:

- Ensure that tenders issued and contracts let by the Council comply with the risk management, insurance and indemnity requirements of Australian Standard **AS 4000:1997 General Conditions of Contract** and conform to the intent of the Council's Risk Management Policy and Plan.
- Manage contracts to ensure their compliance with the above.

15.8 HR/WHS/Risk Officer

In addition to his or her generic responsibilities under this Plan, the HR/OHS/Risk Officer will:

- Provide advice and assistance to all the Council staff in relation to the development and implementation of an effective Risk Management System that observes the principles of **AS/NZS 31000: Management Principles and Guidelines**.
- Encourage all Council staff, business partners, contractors and volunteers to actively employ Risk Management in their decision making processes.
- Assist all staff with the procedural aspects of Risk Management.
- Develop and review the Council's Risk Management Policy and Plan by 1 July each year.
- Review and respond to annual Risk Management Action Plans (Statewide Continuous Improvement Pathway).

- Develop and review a Risk Management training program for the Council.
- Develop a report on Council's achievements against its Risk Management Policy and Plan over the previous year, for inclusion in Council's Annual Report.
- Manage all Workers Compensation Insurance issues including the Return to Work Coordinator function for Council in conjunction with Council's HR/WHS Assistant.
- Maintain the Council's Risk Register:
 - Review and prioritise all risks entered on the Register.
 - Review action plans against all identified risks.
 - Make recommendations to the General Manager on risks, plans and priorities.
- Coordinate the Council's cooperation with insurers and/or solicitors in the investigation and defence of claims.
- Ensure that the Policy and Plan are still relevant and conform to current standards and practices.
- Update the Council's Risk Management priorities and resources.
- Submit the reviewed Policy and Plan to the General Manager for approval or modification.

15.9 WHS Responsibilities

WHS and Risk Management are closely linked, but separate functions within the Council. All WHS responsibilities are detailed in the Council's WHS Policy and Procedure.

15.10 Internal Audit

Internal Audit is essential to the management of Council's risks including financial risk. The Council's Internal Audit Committee is separately constituted by the Council. The objective of the Internal Audit Committee is to provide independent assurance and assistance to Carrathool Shire Council on risk management, control, governance and external accountability responsibilities. The Internal Audit Committee will also:

- review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud; and
- review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

16. Risk Management Procedure

This procedure is based on the Australian Standard **AS/NZS 31000 Risk Management**. It details the common methodology to be used to assess and address the level of risk inherent in the Carrathool Shire Council activities. For guidance in relation to the application of this procedure or assistance in the conduct of risk assessments, contact the HR/WHS/Risk Officer.

An overview of the Risk Management process detailed in **AS/NZS 31000: Risk Management Principles and Guidelines** is at Appendix 1 and a flowchart of the risk treatment process is at Appendix 2. A Task Analysis and Risk Assessment Form based on this process has been developed to assist those who undertake Risk Assessments. It can be found on the Council's intranet, under Forms. A number of other valuable risk management tools and resources are also available at this location and all Council staff members are encouraged to explore and utilise them.

16.1 Risk Management Principles

The Standard sets out eleven principles which need to be applied for risk management to be effective. All elements of the Framework are based upon these principles and provide an understanding of managing risks at all levels of the organisation:

1. **Creates and protects value**

Risk Management contributes to the achievement of objectives and improvement of performance in e.g. human health and safety, security, legal and regulatory compliance, public acceptance, environmental protection, product quality, project management, efficiency in operations, governance and reputation.

2. **Is an integral part of all organisational processes**

Risk Management is not a stand-alone activity that is separate from the main activities and processes of the organisation. Risk management is part of the responsibilities of management and an integral part of all organisational processes, including strategic planning and all project and change management processes.

3. **Is part of decision making**

Risk Management helps decision makers make informed choices, prioritise actions and distinguish among alternative courses of action.

4. **Explicitly addresses uncertainty**

Risk Management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.

5. **Is systematic, structured and timely**

A systematic, timely and structured approach to Risk Management contributes to efficiency and to consistent, comparable and reliable results.

6. **Is based on the best available information**

The input to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement. However, decision makers should inform themselves of, and should take into account, any limitations of the data or modelling used or the possibility of divergence among experts.

7. **Is tailored; aligned to the organisation's context and risk profile**

Risk Management is aligned with the organisation's external and internal context and risk profile.

8. **Takes human and cultural factors into account**

Risk Management recognises the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of the organisation's objectives.

9. **Is transparent and inclusive**

Appropriate and timely involvement of stakeholders, and in particular, decision makers at all levels of the organisation, ensures that Risk Management remains relevant and up to-date. Involvement also allows stakeholders to be properly represented and to have their views taken into account in determining risk criteria.

10. **Is dynamic, iterative and responsive to change**

Risk Management continually senses and responds to change. As external and internal events occur, context and knowledge change, monitoring and review of risks take place, new risks emerge, some change, and others disappear.

11. Facilitates continual improvement of the organisation

Organisations should develop and implement strategies to improve their risk management maturity alongside all other aspects of their organisation.

16.2 Communicate and Consult

Has everybody who needs to know been contacted, involved, informed and kept up to date?

Communication and consultation are important considerations at each stage of the Risk Management process. They should involve a dialogue with all stakeholders (both internal and external) with a focus on consultation, rather than a one way flow of information from the decision maker to the stakeholders. All stakeholders must be confident that their views have been appropriately considered and that they have been kept informed of the actions being taken and the reasons behind those actions. This may extend to sending a report to all stakeholders, regarding the success or otherwise of risk controls put in place as a result of the Risk Assessment being conducted. Broad “ownership” of the risk and the plans to manage it is essential to a successful Risk Management outcome.

16.3 Establish the Context

The first step in Risk Management is to establish the context of the risk. This can be done by asking a series of questions, such as:

- ***What do we want to do or achieve?*** Define the desired outcomes of the event, activity or project.
- ***How will we know we have been successful?*** Identify the success measure or measures for each desired outcome. For established activities, success measures should have been developed and agreed during the development of the Council’s hierarchy of plans.
- ***Who will be involved in or affected by what we want to do?*** Identify the major Stakeholders for this activity, both internal and external to the Council.
- ***Do any of the Stakeholders need to be involved in the Risk Assessment?*** All Stakeholders who may feel that they have a right to be consulted should be. A formal risk assessment should not proceed until all appropriate Stakeholders can be assembled and/or consulted. All Stakeholders who are actively involved in the achievement of your success measures **must** be involved in the Risk Assessment.
- ***What records do we need to keep?*** The likely consequences of the decisions to be made and the importance of future stakeholders (including the Courts) being able to understand why these decisions were made, will dictate the level of record keeping required. As a minimum, the Task Analysis and Risk Assessment Form mentioned earlier should be used for all risks assessed as moderate or above. Decisions concerning the making and capturing of records should take into account:
 - The legal and corporate governance needs for records.
 - The cost of creating and maintaining records.
 - The benefits of re-using information in the future.
- ***What criteria will we use to analyse the risk?*** The criterion as stated in Tables 1 and 2 below are generic, based on financial and humanitarian considerations. They will not be appropriate for the analysis of every risk faced by the Council and a decision on their applicability to the particular risk under consideration must be made. If they are not considered to be appropriate, alternative criteria must be developed and approved. Other criteria may be based on operational, technical, legal, social or environmental considerations, to name just a few. Criteria may be either qualitative or quantitative in nature.
- ***How will the rest of the risk management process be structured?*** Determine the elements or steps that the activity/event/project can be subdivided into to create a logical framework that helps ensure significant risks are not overlooked.

16.4 Identify the Risks

What, where, when, how and why can things happen to prevent us from achieving our success measures?

Risks that have not been identified cannot be assessed. Alternative methods to identify risks include:

- A brainstorming session with all Stakeholders.
- Checklists developed for this or similar events/activities/projects.
- An examination of previous events/activities/projects of this type.

Risk areas may include, but are not limited to:

- *Management* (planning, supervision, leadership).
- *People* (competence, skills, experience, reliability, safety, training, insurance).
- *Property and other Assets* (availability, suitability, damage, insurance).
- *Financial* (funding, sponsorship, salaries, budgeting, control).
- *Regulatory/Legal* (statutory requirements, committee duties and responsibilities, Duty of Care to Stakeholders).
- *Political* (community participation and support, Government policies, risk of adverse publicity).
- *Weather* (heat, cold, rain, fire ban, fog.)
- *Communication* (Memorandum of Agreement/Memorandum of Understanding required, meetings, marketing, methods and frequency of contact?)
- *Anything else you can think of* (nobody knows your activity better than you!)

All risks identified should be communicated to your immediate supervisor, if he or she not participated in the risk identification exercise.

Transfer all risks identified to the Interim Risk Register at Appendix A.

16.5 Analyse the Risks

How big are the risks we have identified? Determine how likely a risk is to occur and how large the impact would be if it did occur. These tables are generic in nature and careful consideration should be given to their applicability for the specific risk profile being assessed.

Table 1 - Likelihood Scale

Rating	Likelihood <i>The Probability the risk will occur</i>
Almost Certain	Expected to occur in most circumstances (Within 1 year)
Likely	Will probably occur in most circumstances (Within 2 years)
Possible	Might occur at some time (Within 3-5 years)
Unlikely	Could occur at some time (Within 10-20 years)
Rare	May occur but only in exceptional circumstances (More than 20 years)

Table 2 - Consequence Scale

Rating	Potential Impact <i>In terms of the success measures of the activity</i>
Catastrophic	1. Death or permanent disability/illness. 2. > \$250,000 3. Severe property and business loss. 4. Severe environmental damage.
Major	1. Long term illness or serious injury 2. > \$100,000 3. Major loss of business capability for greater than one week. 4. Major property or environmental damage (contaminated release with no detrimental effects).
Moderate	1. Medical treatment or several days off work 2. \$12,000 to \$100,000 3. Loss of business capability for several days 4. Property damage/onsite contaminant release contained with outside assistance.
Minor	1. First aid treatment 2. Up to \$12,000 3. Negligible loss to business capability. 4. Minor property damage/On-site contamination release immediately contained.
Insignificant	1. No injuries. 2. Low financial loss >\$2,000.

Table 3 - Risk Level

Consequences (How bad?)					
Likelihood (How often?)	Negligible	Minor	Moderate	Major	Catastrophic
Rare	L6	L6	M5	M5	H2
Unlikely	L6	L6	M5	M5	H2
Possible	L6	M5	H3	H2	H2
Likely	M5	M5	H2	H2	VH1
Almost Certain	M5	H3	H2	VH1	VH1

C = Catastrophic
Ma = Major
Mo = Moderate
Mi = Minor
I = Insignificant

VH = Very High Risk
H = High Risk
M = Medium Risk
L = Low Risk

RISK SCORE	DESCRIPTION
1-2	Very High/High Risk – Immediate Action Required
3-4	Moderate Risk – Action Required within 1 Month
5-6	Low Risk – If action is required, it must be taken within 6 months. If no action is required, monitor the hazard.

Determine the Risk Level for each identified risk and enter it in the Interim Risk Register.

16.6 Evaluate the Risks

Are there any controls already in place? Determine if there are any existing controls already in place to address the identified risks. Existing controls could include any policies, processes or procedures established to:

- Eliminate or reduce the likelihood of a risk occurring.
- Mitigate the impact if a risk does occur.
- Share or transfer the identified risk (eg: insurance and /or indemnity clauses).

Once existing controls have been identified, risks need to be re-evaluated and prioritised, to ensure that the greatest risks are addressed first. The process to follow is:

- Note any existing controls identified against the appropriate risks in the interim Risk Register.
- Re-assess the risk in light of existing controls and adjust its Risk Level accordingly.
- Make a recommendation as to whether the risk is considered to be acceptable or unacceptable, with the reasons why.
- Forward a copy of the completed risk assessment and recommendation to the HR/WHS/Risk Officer, who will then present all information to the General Manager for confirmation or modification of the recommendation and Risk Level. If the risk is deemed unacceptable (a confirmed Risk Level of moderate or above), it will then be:
 - Prioritised in relation to other registered risks (considering the confirmed Risk Level rating, the nature of the people and/or property at risk and the impact on the Council's reputation and credibility, should the risk event occur).
 - Presented to the General Manager for approval or modification.
 - Entered onto the Council Risk Register by the HR/WHS/Risk Officer.

16.7 Treat the Risks

What are we going to do about the risks we have identified? After a risk has been entered onto the Council Risk Register, options to treat it must be considered and action plans developed. Risk Action Plans must detail:

- The actions which will be taken to address the risk.
- The manager responsible for ensuring that the Risk Action Plan is carried out (Responsible Manager).
- The officer/s responsible for carrying out individual actions specified in the Risk Action Plan (Responsible Officer/s).
- When the specified actions are to be completed by.

Unless actions are determined and responsibilities for them are allocated, the Risk Identification and Assessment processes will have been wasted. The outcome of any actions specified should be to (in priority order):

- Eliminate the possibility of a risk occurring.
- Reduce the likelihood of occurrence to an acceptable level.
- Mitigate (reduce) the consequences, should a risk occur.
- Transfer or share the risk, generally through insurance or contracting out.

Actions to be taken in relation to specified Risk Levels are:

- **Very High** – immediate action to be initiated and Risk Action Plans to be developed and implemented under the direct control of the HR/WHS/Risk Officer and General Manager. All documentation must be retained for future reference.
- **High** – action timeframe to be determined by General Manager, with Risk Action Plans developed by Responsible Manager/s for Approval by the General manager.
- **Medium** – action timeframe determined and Risk Action Plans developed by Responsible Manager/s, with HR/WHS/Risk Officer kept informed of progress.

- **Low** – Responsible Managers develop or modify policy or procedure to address the risk. If necessary, a simple Risk Action Plan can also be developed, using the template at Appendix B.

Insignificant – Risk noted and treated appropriately by those affected.

Remember, all risks identified as Moderate and above are to be entered into the Council Risk Register and have a Risk Action Plan developed and implemented.

Risks identified as low or insignificant should as a minimum, have this rating recorded as a file note, along with the reasons for that rating and any decisions/actions taken as a result of the Risk Assessment undertaken.

In a climate of constrained resources, careful consideration must be given to how resources are allocated to action plans. You may find it more valuable to reduce higher priority risks to an acceptable level, rather than eliminate them altogether and then use any resources saved to address lower priority risks.

Finally, consult your supervisor and any Stakeholders who may not have been available to undertake the Risk Assessment, to ensure that you have left nothing out.

16.8 Monitor and Review

Have we got it right? Registered risks will remain open until they have been reduced and accepted, or eliminated. The Responsible Manager and the HR/WHS/Risk Officer are to monitor the implementation of Risk Action Plans to ensure that agreed actions are being taken and review the risk levels, to reflect changes made.

Whenever an action is taken against an Action Plan, the Responsible Officer is to notify the Responsible Manager, who will:

- Assess the effectiveness of the action taken.
- Reassess the Action Plan to:
 - Confirm its continued applicability; or
 - Determine any changes that may now be required.
- Reassess the risk rating and notify the HR/WHS/Risk Officer of the new suggested rating and any recommended changes to the Action Plan.

The details of the reassessment will then be confirmed or modified by the Risk & Systems Officer and Manex to determine whether or not the risk rating should be adjusted.

Once all directed actions have been completed, the risk will be re-assessed by the Responsible Manager and the HR/WHS/Risk Officer and a decision made as to its acceptability or otherwise. **If a risk is considered to be unacceptable, further action needs to be taken to address that risk. No activity should proceed with a risk that has been identified as unacceptable.** If in doubt, all Stakeholders involved with the original Risk Assessment are to be consulted, prior to a risk being closed off.

16.9 Record the Risk Management Process

Each stage of the Risk Management process must be recorded appropriately, as determined during the “Establish the Context” step. For risks assessed as moderate and above, assumptions, methods, data sources, analyses, results and reasons for all decisions should all be recorded.

During the conduct of an event, activity or project for which a Risk Assessment has been undertaken, make notes on how effective the Action Plans have been and what (if any) changes were made to the original Plans. This will allow better planning for the same or similar activities in the future.

All Risk Assessments and Risk Action Plans must be documented and appropriately filed for future reference: even if a risk is assessed to be insignificant and a decision is taken to do nothing, the reasoning that led to this decision must be recorded. The Risk Assessment Template is available on the intranet and can be used to document and record your decisions.

17. Organisational Context

Local Government is a complex, multi business enterprise that has constant conflicts in allocating limited resources to build and maintain infrastructure and deliver community programs. The Framework is an important tool to assist in making consistent decisions in a strategic, operational and project context. For the Framework to work, both internal and external factors must be considered as they will influence the way in which objectives are set and priorities are determined.

The political, social, economic, legal and physical environments are important in the day-to-day operation of Council. It is essential that the internal and external environment within which the activity is conducted be adequately understood if the subsequent steps of the process are to have a meaningful context.

Managers need to identify their role in contributing to the Council's wider goals, objectives, values, policies and strategies when making decisions about risk. These assist with defining the criteria by which it is decided whether a risk is tolerable or not, and form the basis of controls and management options.

Key Questions in establishing the context:-

- What are the Council's strengths and weaknesses?
- What are the major outcomes expected?
- What are the major threats and opportunities presented?
- What are the significant factors in the Council's internal and external environment?
- What is the policy, program, process or activity to which the risk management process is being applied?
- What problems were identified in previous reviews?
- What risk criteria should be established?
- Who are the stakeholders?

17.1 Defining our Internal Environment

To understand the internal environment we need to consider the organisational structure, key/core processes, resources available, their capacity and their relationship and interdependency.

As Council manages activities that are community based, risks need to be addressed with potentially non-economic outcomes.

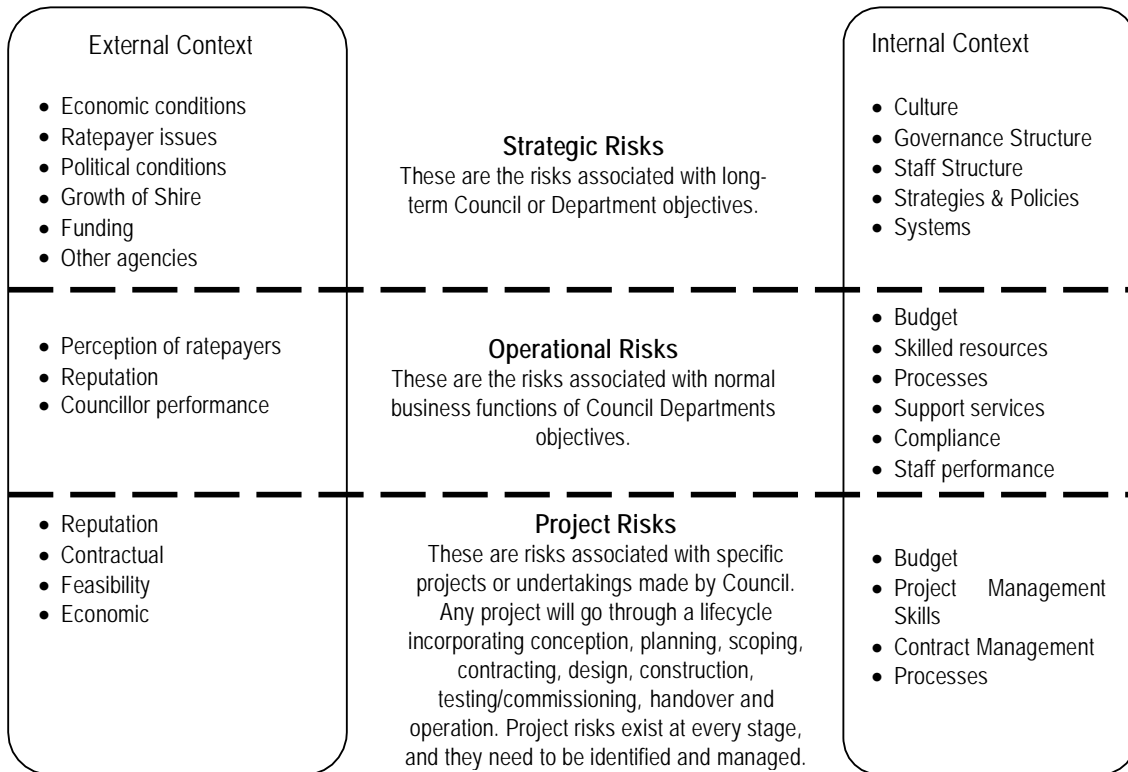
Internal factors which may affect Council's management of risk include strategic plans and policies, organisational processes and procedures, systems and technology, the management of corporate records and availability of evidence, budget allocation, staff culture, and internal relationships.

These internal and external factors, will affect the organisation's risk appetite; that is the level of risk the organisation is willing to retain or pursue, and the setting of the risk criteria and policy. Understanding risk appetite helps to determine what level of risk is acceptable or unacceptable, and the level of additional controls and risk treatment required.

Carrathool Shire Council has a low to medium appetite for risks related to service delivery, finance, health and safety, environment, reputation and legal/regulatory, where effective controls are in place. Where the level of risk is high or extreme, additional controls are required to reduce the level of risk. Where the level of risk cannot be reduced below a rating of high, close monitoring of risk controls is required to ensure that controls continue to be effective.

17.2 Defining our External Environment

External factors include community expectations, state government policy and personnel, federal and state legislation, economy, funding, and reputation and relationship management.



17.3 Scope of Risk Management Objectives

Risk management addresses a very broad range of potential exposure to risks across the entire operations of the Council which include core activities as outlined below:



17.4 Council Plan Objectives

Carrathool Shire Council's key strategic document, the Community Strategic Plan 2012 - 2022, identifies Council's commitment to the management of risk. This is evident in the following sample strategic objectives:-

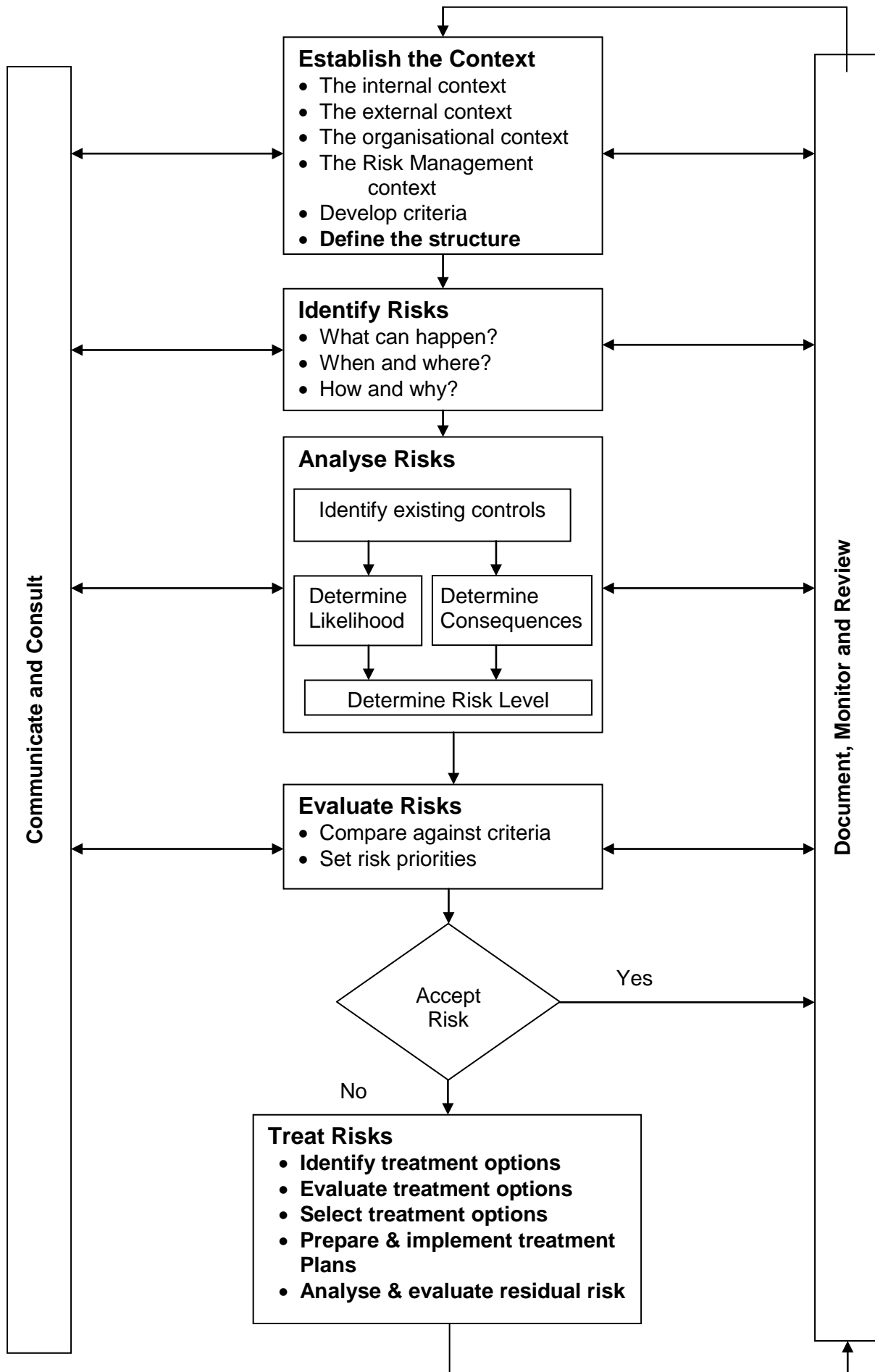
Objective	Strategy	Action
Promoting community health and wellbeing.	Promoting physical activity	Support the running/walking track being developed as part of the Outdoor Gym installation
Promoting community health and wellbeing.	Development of a multi-access centre.	Support the installation of suitable technology to support an Education Hub providing Tele/Video conferencing, webinars etc
Caring For and Protecting Our Natural and Built Environment	Implement a trial green waste strategy	Establish a community consultative committee to work with Council to explore and establish a suitable program, and establish green waste projects at Council tips.
Developing Community Strength and Capability	Continue to Provide Community Grant Schemes Support Strong and Effective Community Groups	Continue to allocate budget funds to support the scheme, advertise the scheme through recognised information avenues, and explore ways to grow and develop the Community Grants Scheme
Growing and Diversifying our Economic Base	Attract investment to the shire.	Participate in organisations and forums designed to support and foster economic growth.
Fostering and Promoting a Rich Cultural Life	Provide a dynamic, responsive and well equipped library service.	Maintain membership of the Western Riverina Library Service, and lobby for increased funding.
An Innovative, Effective and Representative Council	Carrathool communities are well informed and engaged.	Continue to publish a monthly Council newsletter, and ensure Council's website meets community needs and is a useful business tool.

17.5 Sources of Risk

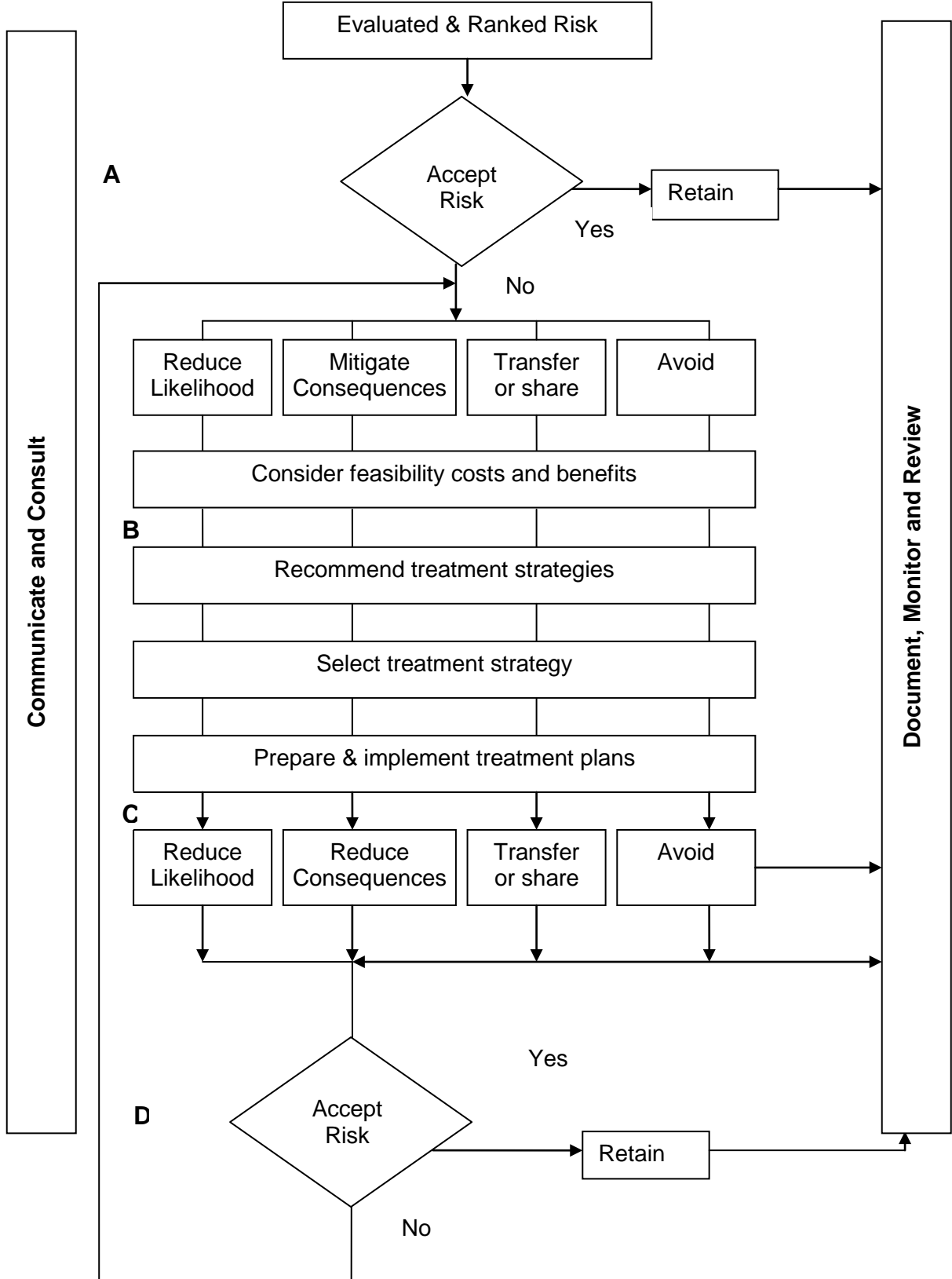
The following categories will be used during a risk assessment to identify potential organisational and business unit risk and opportunities but are not exhaustive:

Source	Example	Potential impact on
Leadership and Corporate Governance	Change of key leadership personnel, Strategic planning, relationships, corporate image, ethical conduct, communication, segregation of responsibilities	People
People	Retention / loss of key personnel, management activities and controls, succession planning, industrial relations, skills training, relationships, communication, ethics, work life balance	
Business Continuity	Continuity of supply of essential goods or services, records & information management, machinery maintenance & replacement, industrial action, utilities interruption, computer breakdown, contingency planning, emergency management	Council's Reputation
Business Activity	Customer service, customer relationships, marketing & promotion, occupational injury / illness / wellbeing, physical security, property damage or loss / acquisition, environment, resources / assets management	
Political	Change of government, legislative changes, community expectations, communications	Business performance
Natural disaster	Flood, storms, lightening, fire	Finances
Financial	Planning & management, insurance, initiatives & new services, fraud	
Contractual & legal	Contract management, professional liability, public liability, statutory compliance, errors and omissions, commercial & legal relationships	Environment
Harmful actions	Sabotage, vandalism, terrorism, arson, theft /misappropriation	

RISK MANAGEMENT PROCESS



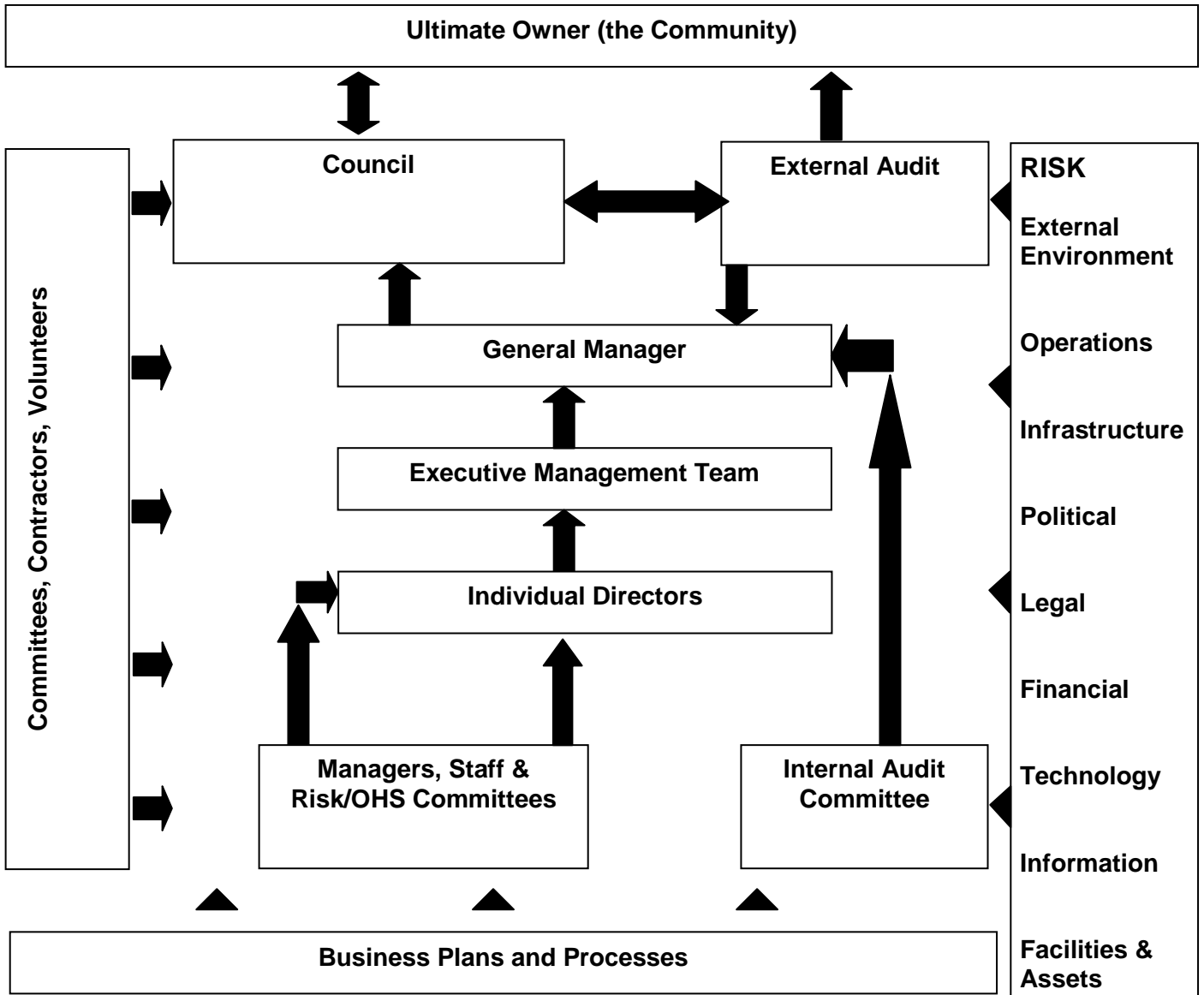
RISK TREATMENT FLOWCHART

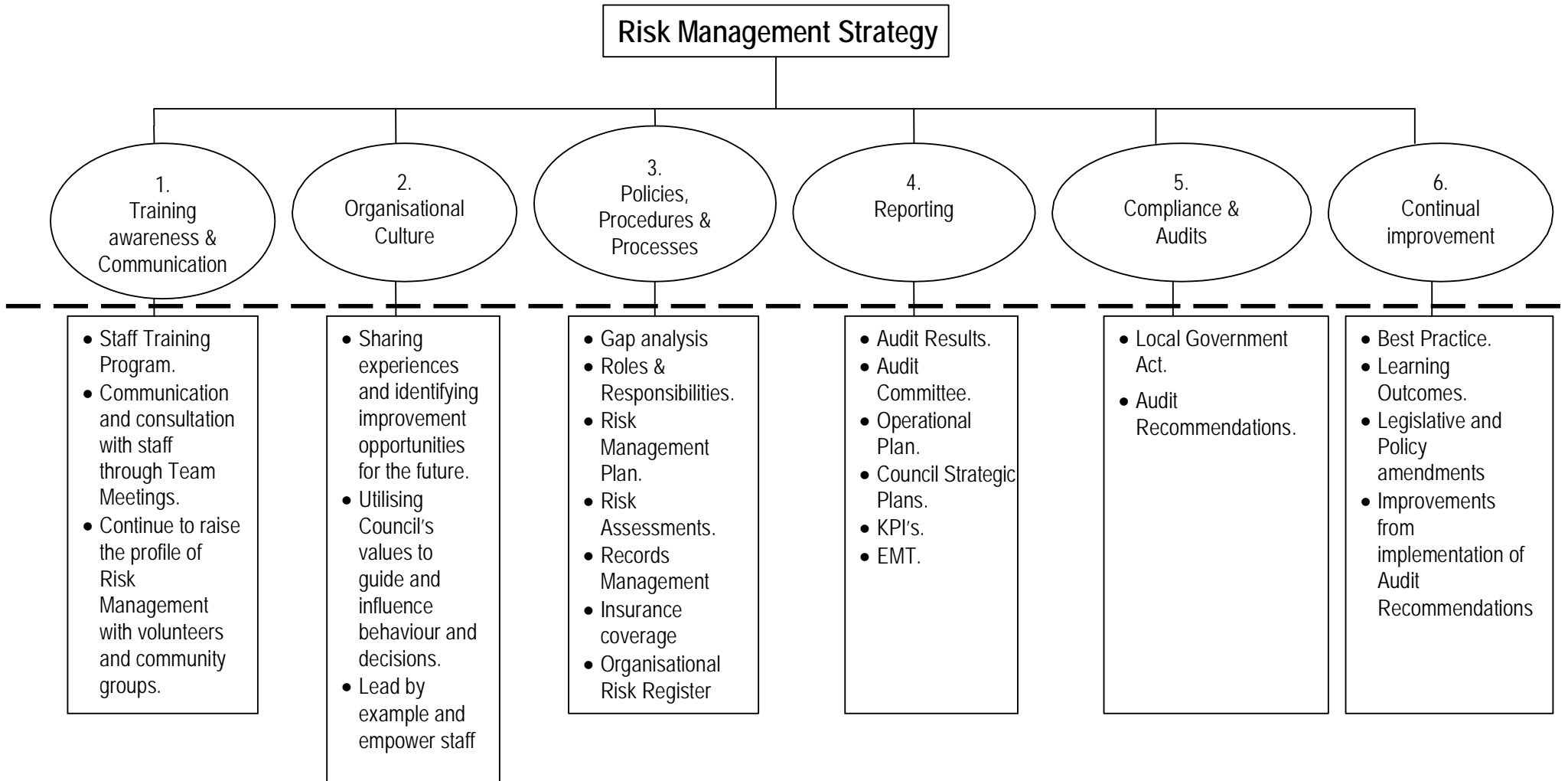


Process Code

- A – Identify treatment options
- B – Evaluate treatment options
- C – Prepare and implement treatment plans
- D – Analyse and evaluate residual risk

CARRATHOOL SHIRE COUNCIL INTEGRATED RISK MANAGEMENT FRAMEWORK





Appendix A

Interim Risk Register

NB: If a risk is not accepted, further action needs to be taken to address that risk. No activity should proceed with a risk that has been identified as unacceptable.

Risk Number	Risk Description	Risk Level	Controls/Risk Action Plan Number	Revised Risk Level	Responsible Person	Agreed Priority	Acceptance
1.1	Tendering – Non compliance: Legislation, regs etc	High	Procurement manual Staff training – OLG Guidelines, Integrity Management, Induction process to reflect	Moderate	Executive Management Team (EMT)	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>
1.2	Conflict of interest	Moderate	Procurement Manual, Code of Conduct	Minor	MOD	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>
1.3	Lack of contractor management	High	Implement formal contractor performance evaluation procedure. Contractor performance monitoring to be included in job description	Moderate	EMT	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
1.4	Value for Money	Moderate	Procurement manual Procurement & tendering policy, regular reviews of operating practices	Moderate	EMT	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
1.5	Under delivery & over ordering	Moderate	Implement an inventory management system. Regular review of selected projects to validate ordering protocol.	Minor	DW	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.1	Assets not recorded	Moderate	Asset register being developed – asset labels for small assets, regular revision of inventory management	Minor	EMT	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.2	Asset deterioration & replacement	High	Review long term asset management plan and inter-related budgets/financial plans for maintenance & replacement of council assets	Moderate	DW	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.3	Asset Security	Moderate	Security measures i.e. locking stores, depots, buildings. Adequate insurance cover. Master key system issuing, recording, return procedures	Minor	EMT	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>

Risk Number	Risk Description	Risk Level	Controls/Risk Action Plan Number	Revised Risk Level	Responsible Person	Agreed Priority	Acceptance
3.1	Inadequate processes to ensure quality, value for money & timely completion of critical projects leading to decreased service delivery levels and loss of community confidence.	High	Implement project management policy, implement more formal project documentation protocols and develop project management manual, train relevant supervisors/staff, implement project management software, appropriately qualified staff, contractor management	Moderate	DW	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
3.2	Project does not meet objectives of Operational Plan	High	All plans, projects, activities and funding allocations must be directly linked to the Delivery Program – reports to General Manager on requests or proposals that deviate from adopted schedules or projects due to political or other pressures, staff induction procedures amended to reflect controls.	Moderate	EMT	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
3.3	Poor measurement and review of progress towards achieving strategic priorities.	High	Review objectives in Community Strategic Plan to determine priorities and link to Delivery Plan with measurable targets.	Moderate	EMT	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
3.4	Internal audits not being undertaken - potential for fraud or corrupt conduct	High	Implement an Internal Audit function; Ensure periodic Fraud Risk Assessments are carried out.	Moderate	DCS	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
4.1	Education – lack of training may foster a culture of corruption through ignorance	Moderate	Training/promotion of Code of Conduct & Gifts & Benefits Policy. Promotion of Corruption & Fraud Policy.	Minor	DCS/MOD	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>
4.2	Lack of appropriate fraud and corruption controls	High	Delegations, Procurement Manual, Fraud & Corruption Policy, review processes for payroll, creditors, stock /asset control, petty cash, credit cards	Moderate	DCS	High	Yes <input type="checkbox"/> No <input type="checkbox"/>

Risk Number	Risk Description	Risk Level	Controls/Risk Action Plan Number	Revised Risk Level	Responsible Person	Agreed Priority	Acceptance
5.1	Promotion of controls to staff – lack of implementation	High	A documented process that stipulates that new policies, codes and procedures must be sent to relevant staff and a written acknowledgement of receipt must be obtained.	Moderate	DCS/HR	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2	Revision of policies, procedures, codes and other governance documentation not happening	High	The cycle of revision of key documents should be flagged in a register for policies and procedures and revision dates scheduled.	Moderate	MOD	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
5.3	Failure to attract sufficient candidates for 2016 election – good civic leadership	High	Advertise to attract suitable candidates, canvas suitable community members	Moderate	GM/CRS	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
5.4	Sec 355 Committee's – ability to comply with legislative requirements	High	Implementation of draft Sec 355 Charter – after revision for currency – promotes compliance with the LGNSW and Code of Conduct	Moderate	DCS/MOD	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
5.5	Local Government Review/reform – possible amalgamations, lack of funding opportunities	High	Demonstrate operational efficiency, best practice etc in providing services and infrastructure to the community, and advocate for funding	Moderate	GM	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
6.1	Population change – reduction	Moderate	Implement strategies which allow Council to promote CSC to its maximum potential in terms of economic and promotional development to ensure the sustainability of its communities.	Low	EMT	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>
6.2	Decreasing irrigation water access	High	Lobby and advocate for reform (Murray Darling Basin Plan)	High	GM/MAYOR	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
6.3	Increasing expectation from community to take over maintenance of services not previously provided or demand for increased services	Moderate	Asset condition assessments and community consultation to identify acceptable service levels	Low	EMT	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>

Risk Number	Risk Description	Risk Level	Controls/Risk Action Plan Number	Revised Risk Level	Responsible Person	Agreed Priority	Acceptance
6.4	Ageing population – increased public liability risks, increased pressure on infrastructure provision	High	Positive Ageing Strategy	Moderate	DCS/CDO	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
7.1	Skills shortages including staff within council whose work cannot be carried out by another employee (technical specialists)	High	Implement an organisational succession plan that identifies positions at risk of a knowledge drain and ensures adequate training of identified backup personnel for all key positions with CSC	Moderate	HR/EMT	Moderate	Yes <input type="checkbox"/> No <input type="checkbox"/>
7.2	Mature aged workforce within LG sector and location of CSC means not an employer of choice for professional staff	High	Attraction and retention strategy review Training for existing staff	Moderate	HR/EMT	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
7.3	Change in GM – leadership uncertainty	High	Attraction and retention strategy review Recruiting the right person to build the necessary relationships and guide the Council through the upcoming reforms and challenges will be important.	High	COUNCIL	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
7.4	Council commitment not to increase its staff numbers, so faced with the challenge of continuing to meet growing community demand for services within existing staff resources.	High	Asset condition assessments and community consultation to identify acceptable service levels Utilise casual staff during peak periods	Moderate	EMT	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>
8.1	Inadequate disaster & crisis management processes	High	Development of Draft Business Continuity Plan	Moderate	EMT	High	Yes <input type="checkbox"/> No <input type="checkbox"/>

Risk Number	Risk Description	Risk Level	Controls/Risk Action Plan Number	Revised Risk Level	Responsible Person	Agreed Priority	Acceptance
9.1	Inadequate long term financial planning & management No linkage between resourcing strategies – delivery plan, workforce plan	High	The quality and utility of the council's long-term financial planning, asset management, and workforce planning is a key part of this assessment. Integration of asset management and finance is also a major area for development.	Moderate	EMT	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
9.2	Delivery Program not entrenched as the key decision-making tool for the Council, and reference point for staff leading to reduced sustainability, reduced ability to achieve corporate objectives/projects.	High	KPI's integrated into position descriptions and performance reviews. All plans, projects, activities and funding allocations must be directly linked to the Delivery Program	Moderate	EMT	High	Yes <input type="checkbox"/> No <input type="checkbox"/>
9.3	Impact of any reduction in grant funding – RMS & FAGS (declining population)	Moderate	Lobby continued support Implement strategies which allow Council to promote CSC to its maximum potential in terms of economic and promotional development to ensure the sustainability of its communities.	Low	GM	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>
9.4	Inadequate reporting to community of Council's performance in delivering services and facilities according to strategic plans and inadequate measurement of customer satisfaction or community feedback to inform ongoing planning.	High	Review Council's Community Engagement Strategy. Council improve use of website, social media and Council Corner.	Moderate	DCS/CDO	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>

Risk Number	Risk Description	Risk Level	Controls/Risk Action Plan Number	Revised Risk Level	Responsible Person	Agreed Priority	Acceptance Yes <input type="checkbox"/> No <input type="checkbox"/>
9.5	Councillors with an operational focus – react to community complaints rather than maintaining a strategic outlook - not making decisions based on Delivery Program and Resourcing Strategy which can lead to failure to achieve a long term financial position.	Moderate	Asset condition assessments and community consultation to identify acceptable service levels Councillor training program	Low	EMT	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>
10.1	IT – security	Moderate	Policy – Use of Communication Devices, Code of Conduct, password control	Minor	DCS	Low	Yes <input type="checkbox"/> No <input type="checkbox"/>

Appendix B

Risk Action Plan Number:

Activity:	Responsible Manager	Risk Register Number
Risk Description:		
Initial Risk Level	Agreed Priority	Responsible Officer/s
Current Controls		
Additional Treatment Action Required		
Resources Required (people, money, materials)		
Timing (milestones, completion date)		
Report		
Related Documents		
Revised Risk Level:	Date Completed:	Revised Risk Acceptance Yes <input type="checkbox"/> No <input type="checkbox"/>
Compiled by:		Date:
Reviewed by:		Date:

Appendix C**Risk Assessment Tool**

Likelihood		Consequence		Level	
Description					
Current Controls					
Proposed or Additional Controls					
Notes					